

Message Text

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ACTION ARA-10

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TAGS: EGEN, PE

SUBJ: PERUVIAN PRIVATE SECTOR CHALLENGES GOP PHILOSOPHY,
PROGRAMS

REF: A) LIMA 1983 B) LIMA 1888

1. PERUVIAN PRIVATE-SECTOR ORGANIZATIONS HAVE TRADITIONALLY ASSUMED LOW PUBLIC POSTURE WITH REGARD TO GOP'S REVOLUTIONARY ECONOMIC POLICIES. FROM TIME TO TIME, AS THE GOVERNMENT ANNOUNCES NEW ECONOMIC MEASURES WHICH ADVERSELY AFFECT PRIVATE SECTOR ENTERPRISE, THE AFFECTED ORGANIZATIONS HAVE PUBLISHED LOW-KEY CRITICISM WHICH, HOWEVER, DID NOT TAKE EXCEPTION TO THE BASIC PHILOSOPHY AND TENETS OF THE REVOLUTIONARY GOVERNMENT.

2. DURING THE LAST TWO WEEKS THIS SITUATION HAS CHANGED, AS SEVERAL PRIVATE-SECTOR ORGANIZATIONS HAVE PUBLISHED STRONG ATTACKS, NOT ONLY ON THE SPECIFIC MEASURES RECENTLY ENACTED BY THE GOVERNMENT (LIMA 1983) BUT ALSO ON THE WHOLE THRUST AND PHILOSOPHY OF THE REVOLUTION AND ITS IMPACT ON THE PRIVATE SECTOR.

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3. THESE PROTESTS BEGAN WHEN THE ASSOCIATION OF CONSTRUCTION CONTRACTORS OBJECTED TO THE RECENTLY ENACTED MEASURES PROVIDING FOR SUSPENSION OF URBAN HOUSING CONSTRUCTION AND FOR SALE OF URBAN HOUSING LOTS ONLY BY THE GOVERNMENT. ON SATURDAY, MARCH 6, SIX OF THE LARGEST PRIVATE-SECTOR ORGANIZATIONS (AUTOMOBILE MANUFACTURERS ASSOCIATION, AREQUIPA CHAMBER OF INDUSTRY AND COMMERCE, PERUVIAN CONSTRUCTION CONTRACTORS ASSOCIATION, FEDERATION OF CHAMBERS OF COMMERCE OF PERU, FEDERATIONS OF CHAMBERS OF COMMERCE AND PRODUCTION OF THE NORTH, AND THE NATIONAL SOCIETY OF INDUSTRIES PUBLISHED A DECLARATION OF PRINCIPLES. THIS DECLARATION BEGAN BY QUOTING AND SUPPORTING THREE GOALS SET FORTH IN THE STATUTES OF THE REVOLUTIONARY GOVERNMENT: AN INCREASE IN THE STANDARD OF LIVING FOR THE LOW INCOME SECTORS; REESTABLISHMENT OF RESPECT FOR LAW; AND ENCOURAGEMENT OF UNITY, INTEGRATION AND PEACE AMONG ALL CLASSES OF PERUVIANS.

4. THIS DOCUMENT ALSO, HOWEVER, EMPHASIZES THAT PRIVATE PROPERTY IS THE BASIC ELEMENT FOR ECONOMIC ACTIVITY AND THAT PRIVATE ENTERPRISE IS NECESSARY FOR GROWTH AND FOR NEW TECHNOLOGY, AND THAT NO GROUP OR INDIVIDUAL HAS A MONOPOLY ON THE TRUTH. IT CONTINUES BY NOTING THAT THE ECONOMIC CRISIS NOW FACING PERU IS NOT ONLY CYCLICAL AND A RESULT OF OUTSIDE FACTORS, BUT THAT IT IS ALSO BASICALLY A RESULT OF INTERNAL FACTORS, INCLUDING THE ECONOMIC POLICIES OF THE GOVERNMENT.

5. DOCUMENT ALSO STATES THAT THE PRIVATE SECTOR IS IN A RECESSION DUE TO ENACTMENT OF CERTAIN DECREE LAWS, THE EXISTENCE OF LEGAL INSTABILITY, AND A PERMANENT AND CONCENTRATED ATTACK UPON IT BY GOVERNMENT OFFICIALS AND BY NEWS MEDIA UNDER GOVERNMENT CONTROL. ALSO, THE GROWTH OF THE PUBLIC SECTOR AND THE CONTINUED INTERVENTION OF THE STATE IN THE ECONOMY HAVE PRODUCED NEGATIVE RESULTS. DOCUMENT ATTACKS THE LACK OF DELINEATION BETWEEN SEVERAL SECTORS OF THE ECONOMY, WITHIN THE SO CALLED "PLURALISTIC" ECONOMIC SYSTEM, WHICH NOW ONLY EXISTS IN THEORY GIVEN THE GROWTH OF THE PUBLIC SECTOR AND THE PRIORITY PLACED ON SOCIAL PROPERTY. PAPER CLAIMS THAT CONSTANT LABOR DISPUTES AND THE BREAKDOWN OF LABOR DISCIPLINE ALSO HAVE DECREASED PRODUCTION AND PRODUCTIVITY OF BASIC ECONOMIC SECTORS. IT POINTS OUT WHAT IT DEEM TO BE THE OBVIOUS LIMITED OFFICIAL USE

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CONTRADICTION BETWEEN WHAT THE GOVERNMENT SAYS AND WHAT IT DOES. DOCUMENT REQUESTS A REVIEW OF ECONOMIC POLICY AND DEFENDS THE ROLE AND FUTURE OF PRIVATE ENTERPRISES IN PERU. IT FURTHER CALLS FOR AN END TO EXPERIMENTS LEADING TO AN ECONOMIC MODEL WHICH HAS NOT SOLVED THE ECONOMIC AND SOCIAL PROBLEMS OF THE COUNTRY.

6. ADVERSE CRITICISM WAS FOLLOWED BY A SECOND AND SEPARATE

DOCUMENT OF THE PERUVIAN CHAMBER OF CONSTRUCTION CONTRACTORS WARNING OF A COMPLETE PARALYZATION OF THE CONSTRUCTION INDUSTRY UNLESS THE GOVERNMENT MODIFIES ITS URBAN-DEVELOPMENT DECREES. THE ASSOCIATION OF ENGINEERS ALSO PUBLISHED A DOCUMENT WHICH, INTER ALIA, CRITICIZED THE GOP FOR NOT USING ENGINEERS IN PUBLIC SECTOR ENTERPRISES AND FOR NOT RELYING MORE ON COMPETENT ENGINEERS. THE ASSOCIATION OF AUTOMOBILE MANUFACTURERS ALSO PUBLISHED LENGTHY ANALYSIS OF CURRENT ECONOMIC SITUATION WHICH WAS HIGHLY CRITICAL OF GOVERNMENT POLICIES.

7. COMMENT: THE PRECARIOUS STATE OF THE PERUVIAN ECONOMY AND THE INCREASING LEVEL OF LABOR DISPUTES HAVE PROVOKED THIS SURPRISINGLY OUTSPOKEN REACTION FROM PRIVATE-SECTOR ORGANIZATIONS. ALTHOUGH NONE OF THE DOCUMENTS MAKE A REFERENCE TO THE NEW PLAN OF GOVERNMENT (PLAN TUPAC AMARU) ANNOUNCED BY PRESIDENT MORALES BERMUDEZ, DRAFT COPIES OF KEY SECTIONS OF PLAN ARE CIRCULATING IN LIMA. PLAN CONTAINS SOME PROVISIONS WHICH WOULD FURTHER WEAKEN THE PRIVATE SECTOR IN PERU. UNDOUBTEDLY THE RECENT SERIES OF ECONOMIC MEASURES ADOPTED BY GOP AND THE PLAN TUPAC AMARU (SEPTTEL) STIMULATED AN OUTSPOKEN PUBLIC REACTION BY THE PRIVATE SECTOR, PERHAPS BECAUSE IT BELIEVES THAT THIS IS THE LAST OPPORTUNITY IT WILL EVER HAVE TO TRY TO CHANGE WHAT IT CONSIDERS TO BE A SEEMINGLY RELENTLESS TREND OF THE REVOLUTION IN THE DIRECTION OF TOTAL PUBLIC-SECTOR CONTROL OF THE NATION'S ECONOMY.
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